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Committee on Transportation and Infrastructure, Democratic Caucus

U.S. House of Representatives, 2163 Rayburn HOB, Washington, DC 20515

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Oberstar: DOT Backing Off Ownership Rule Change Deadline *Dept. will explore "other options" with EU*

WASHINGTON—The Department of Transportation is dropping plans to finalize a change in rules governing ownership of U.S. airlines, Rep. James L. Oberstar (Minn.) was informed today.

Oberstar, the Ranking Democrat on the House Transportation and Infrastructure Committee, said that the department is not planning to abandon the rule change entirely, but will not move to make the rule change final in August, as originally planned. The Department stated that it had changed its plans in response to Congressional concerns and that in further negotiations with the European Union the Department would explore options which would not involve foreign control of United States airlines.

"I am very pleased that DOT is responding to the concerns voiced by myself and other Members of Congress," Oberstar said. "This proposed rule constitutes a major change in public policy, and would create serious problems in safety, security, national defense, and loss of US jobs. I believe that bypassing Congress and making such a change through the rulemaking process is unconstitutional. I expect that DOT's further discussions with the EU and the Congress will be open and frank."

Earlier this year the Bush Administration announced it was going to issue a rule that would allow foreign investors greater control over the operations of U.S. airlines. The proposed rule involves a change in the way the term "actual control" in the statute governing airline ownership is interpreted. Under the proposal,

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“actual control” would only pertain to safety and security issues, allowing foreign investors to control a U.S. airline’s operations, labor relations, and financial decisions.

The rule change is viewed as a concession to the European Union in order to finalize an open-skies agreement between the U.S. and E.U.

In June, Oberstar and a bipartisan coalition of Transportation Committee Members proposed and won House approval of an amendment to the Transportation Appropriations bill to delay implementation of the rule. The same language was approved by the Senate Appropriations Committee. However, Congress is currently in recess, and the legislation cannot be passed before September.

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